

<https://www.wealthmanagement.com/technology/income-lab-debuts-retirement-stress-test-tool>



## TECHNOLOGY

### **Income Lab Debuts Retirement Stress Test Tool**

**The tool includes the option to run plans through real-life historical scenarios, including the Great Depression, the post-war period, 1970s stagflation, the dot-com bubble and the 2008 financial crisis.**

Rob Burgess | May 17, 2023

Denver-based retirement management software provider Income Lab debuted its Retirement Stress Test tool on Tuesday.

The new offering is designed to show financial advisors how their clients might use spending adjustments to navigate difficulties, including market volatility or high inflation, according to the company.

The tool includes the option to run plans through real-life historical scenarios, including the Great Depression of the 1930s, the post-war period, 1970s stagflation, the 1990s dot-com bubble and the 2008 financial crisis.

In addition to showing how income adjustments would help keep plans on track during these headwinds, advisors are also able to compare different strategies simultaneously.

Chief Innovation Officer Justin Fitzpatrick and CEO Johnny Poulsen co-founded Income Lab in 2018. The firm introduced a beta version of its

cloud-based software in early 2020 for the financial advisory and planning market.

In September 2021, Income Lab completed a seed financing round, raising \$1.7 million from industry executives and investors. Investors included Dave Agostine, a former managing director for BlackRock and former CEO of Cachematrix; Tom Florence, a managing director at Hamilton Lane and former CEO of 361 Capital; and Robert Pinkerton, CFO at Conga and an Income Lab board member. Agostine and Florence serve on Income Lab's advisory board, in addition to Derek Tharp, a financial planner at Conscious Capital, lead researcher for financial blog Kitces.com and assistant professor of finance at the University of Southern Maine.

In June 2022, Income Lab introduced Life Hub, an interactive tool for financial advisors that gives clients a detailed visualization of their financial lives on one page, at any level of detail and at any point in time. Life Hub is included as part of the Income Lab retirement planning software available to advisors at rates ranging from \$159 per month for a single advisor to \$139 per month for large teams of advisors, according to the company.

Income Lab is one of several such providers to tackle the retirement income problem. IncomeConductor is being used mostly by planners and registered investment advisors, while IncomeDiscovery has pursued larger players, including financial institutions and independent broker/dealers. Another, Income Solver, is a decumulation strategy overlay application.

William Trout, director of wealth management at Javelin Strategy & Research, said investor longevity and a volatile market environment make retirement income planning "more important than ever."

"Instruments like Income Lab's Retirement Stress Test tool help advisors guide clients through periods of economic upheaval and demonstrate in clear-cut terms the importance of keeping a steady hand at the wheel," said Trout. "At the same time, delivery of a forward-looking perspective helps instill confidence in clients, who are able to tie their spending habits to outcomes. Skeptical millennial investors, who may be just now starting to think about their retirement years, may be the first to be won over."

Wally Okby, strategic advisor for wealth management for the Aite-Novarica Group, said there was a "good reason" that several vendors already offer sophisticated personal financial management and financial wellness tools to the wealth community. Several analyses recently completed by the firm showed "holistic practices breed healthier and stickier client relationship," said Okby. These results illustrated that between 50% and 60% of smaller wealth practices with less than \$1 billion in assets under management deliver cash flow management to their clients.

“The most holistic financial advisors tend to win more new client relationships, total client assets, fee-based assets, client wallet share and revenue than those who are not. The vendor community is now clearly poised to capitalize on this demand for holistic planning,” said Okby. “The smaller the practice, the less likely it is that this service is offered. I imagine that as the larger market participants look to grow and consolidate their positions among large practices, the team at Income Lab will look to quickly scale their business through signing up large numbers of smaller practices.”